

98-84381-13

Industrial democracy

London

[1905?]

98-84381-13

MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES  
PRESERVATION DIVISION

## BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

334	Industrial democracy.	<del>London, 1906</del>
Z5		
v.4	7 p. 21cm.	<del>Labour Co-partnership Association</del>
		London, Labour Co-partnership Association, [1905?]
		Only Ed

RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

## TECHNICAL MICROFORM DATA

FILM SIZE: 35mmREDUCTION RATIO: 10:1IMAGE PLACEMENT: IA (IIA) IB IIBDATE FILMED: 4-2-98INITIALS: fbTRACKING #: 32632

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

Telephone: 7913 Central.

Telegraphic Address: "CO-PARTNERSHIP, LONDON."

# Labour Co-partnership Association

President—T. C. TAYLOR, M.P.

Hon. Treasurer—ANEURIN WILLIAMS.

Hon. Legal Adviser—

RALPH NEVILLE, K.C.

Secretary—

HENRY VIVIAN.

Central Office: 22, RED LION SQUARE, LONDON, W.C.

Publishers of "LABOUR CO-PARTNERSHIP," Monthly, One Penny.

The Object of the Association is to bring about an organisation of Industry based on the principle of Labour Co-partnership; that is to say, a system in which all those engaged shall share in the profits, capital, control, and responsibility. With this view it seeks (1) in the Co-operative movement to aid by its propaganda and advice all forms of production based on the above principle; (2) in other businesses to induce employers and employed to adopt schemes of profit-sharing and investment tending in the same direction.

## Industrial Democracy.

"My idea is that the real characteristic of Co-operative Production might be stated in this way—that it was an endeavour to substitute an Industrial Republic for an Industrial Monarchy."—MR. GERALD BALFOUR, M.P., Crystal Palace, Aug., 1899.

"You will never induce the Society to which you belong to substitute a system of Association to a system of salary and wages unless you convince them that your Association will result in improved production and collective prosperity. And you can only prove this by showing yourselves capable of founding and maintaining Association through your own honesty, mutual goodwill, love of labour, and capacity."—MAZZINI.

IT is well, especially at a time when the political atmosphere is unduly charged with electricity, that there should be an Association which excludes the discussion of current political questions from its conferences. We are able at such conferences to recover for a short time, not only our own sanity, but also a little respect for our political opponent. It is a change, a relief, and is good for us all.

We propose to consider briefly in this paper the efforts to extend the principle of democracy to workshop organisation. In other words, to consider what the position and prospects are of the "Industrial Republics" referred to by Mr. Gerald Balfour in the sentence taken from his speech and placed at the head of this paper. The workshop will absorb the best energies of most of us for all time, and the type of workshop organisation we ought to strive after is therefore of great importance to most of us. The prevailing type is, of course, the outcome of centuries of evolution and struggle. As Mazzini has told us, "You were once slaves, then you were serfs; you are now hirelings." The great mass of men are hired for wages by an employer. The employer may be an individual, a Company, a Co-operative Store, a Municipality, or the State. The plan of hiring is roughly the same in all cases. The chief tendency, perhaps, of the last half of the nineteenth century was to replace the individual employer by a corporate one. In this change, however, generally speaking, no effort was made to enlist the interest of labour in the

success of the corporation, or to secure for it a recognised place in the organisation. There were a few with larger outlook, and who desired that the partnership of labour should gradually replace the principle of hiring. Experiments with the object of proving the possibility and advantage of this were made, sometimes by enthusiasts without business ability, sometimes by those who had business ability but no enthusiasm, now and then fortunately by those having both. An increasing number of these "Industrial Republics" are taking root. A record of their doings is full of interest to the industrial reformer. Owenism, Christian Socialism, Co-operative Production, Labour Co-partnership, are all terms which have been used at different times to describe this movement towards democracy in the workshop.

Each type of Co-operation claims Owen as its chief founder, and that part of the movement we are now considering, and which the Labour Co-partnership Association exists to promote, is no exception. Still, it is also so largely a continuation, or rather development, of the organisation of labour attempted by the Christian Socialists, that we must first set out briefly their ideal, and then show what modifications time and experience have effected in it to bring about the present growth of co-operative production on the principle known as "The Co-partnership of Labour."

"The Christian Socialists made this step forward in developing the co-operative idea in England. They conceived no longer of self-supporting communities, which the conditions of modern industry had rendered impossible, but of communities for carrying on some special trade in the common interest. They sought to establish self-governing workshops, in which the actual workers should own or borrow all the capital, should elect the committee of management from among themselves, and, subject to a payment to a central provident fund, should enjoy all the ultimate profit, of which, however, they were required to capitalise at least one-third. They perceived, indeed, and stated, that this form of organisation was not suited to the classes of workers at the bottom of the social and moral scale, nor yet to those who must work with the aid of large masses of capital. The solution of the problem in these spheres they deliberately left for a future time to work out, considering that there was field enough for themselves among skilled workers not using any large amount of capital. They accordingly set up in business a number of societies of tailors, shoemakers, etc., on the lines above indicated.

In doing this they appear to have made three main mistakes, which helped to cause their societies to fail. They found practically all the money, which they lent to the societies, so that the men had nothing really at stake; they took the workmen applying for membership as they came, not attempting to get picked men; and, lastly, they gave them at first full control over their workshops—that is, over other people's property. They soon found that the men thus brought together did not all rise to the occasion, but were animated by a thoroughly mercenary, quarrelsome, and narrow spirit. Attempts at reconstruction and control led to no good result, and the societies came to an end one after another.

### FOR CO-PARTNERSHIP PRINCIPLES.

In spite of failures, this effort of the Christian Socialists was a magnificent impulse of social enthusiasm. It was created and directed by moral and intellectual giants, whose self-imposed task was as noble as it was difficult. They sought to redeem industry from its sordid materialism, and to use it to minister to the higher needs of humanity. This is a goal worth striving for, but co-operators are to be found who declare that their methods to reach it were fundamentally mistaken, and, it is to be feared, some have not even been touched with the inspiring vision it unfolds. It is therefore, desirable that we should examine carefully the driving power behind all this self-sacrificing zeal, and, above all, the germ principles which these worthies advocated. Their methods are of small moment, though hostile critics, for obvious reasons, prefer to make them the centre of attack. Robert Owen and his followers had more failures than successes in the sphere of action, and the brilliant thinkers who formed the Christian Socialist group were not more fortunate. And yet these men have triumphed splendidly.

Up to this point we are practically on non-controversial ground. The memory of these men's lives is a common heritage, but what of their principles? Here we come to a parting of the ways. They conceived of a co-operation which gave the worker as such a distinctive place in the system; many co-operators to-day only provide for him as a consumer at the store. Without uttering a hard word about what to me is a decadence of a serious kind, it is clear that the issue between the two schools is sharp and distinct. We of the co-partnership faith have no inflated notions of the producer's function, nor do we regard it as at all necessarily in conflict with that of the consumer's. It is harmony not antagonism we seek to establish. Just as the family idea does not prove an obstacle to the development of the civic life, or nationality involve a surrender of all strivings after international fraternity, so the insistence by the co-partnership advocate of the primary application of the co-operative principles to the craftsman does not mean that other interests are ignored or neglected. We merely want to tackle the industrial problem at its root—in the workshop. Co-operation must have a message for the workers as such, and not wait until they stand in front of the store-counter as purchaser.

But our plea is not simply for benevolence towards labour. The anti-co-partnership co-operators desire, just as much as any of us, to treat the worker well. In actual practice, which is the best test of sincerity, they can successfully claim to be in the "first flight" of employers. Their workshops are amongst the best, the trade union standard is recognised, and no taint of the sweeter is upon their productions. This is something; but it is not enough. In the same way, though on other grounds, we regard as inadequate the most beneficent form of paternalism. Both systems fail to secure to the workers any more actual control over their industrial destiny than they possess through their unions. They may get more advantages than their brethren outside, and usually do, but they come to them as gifts, not as rights inherent in the system of which they are an integral part. Paternalism commands our admiration, and, without any derogation of it, it may have an economic value apart from its philanthropic character. But, short of a miracle—say, the adoption by the Stock Exchange of the Sermon on the Mount as its working code of morals—there is no likelihood of its spreading over any wide area of industry. Even if it did, we should not regard it as the best solution of the labour problem. Nothing can ultimately satisfy which leaves the craftsman with only a wage interest in his toil. To my thinking, the evils of our present system are too serious and deep-seated to be eradicated by any remedy less drastic than the break-up of the separate castes of hirer and hired. This cannot be done by changing the name of the employing corporation; the change, to be of any value, must ensure that the sense of responsibility is active in the individual. This is only possible under a voluntary co-partnership system. Gain and loss must have their due effect upon the worker. He must profit by the one and suffer by the other.

Now, what are the arguments used against this admittedly high conception of the proper position of the worker? They may be classed under two comprehensive heads—is impracticability and its economic unsoundness. The first means that workmen are not capable, on any large scale, of being anything more than mere wage-earners; that they lack the essential qualities of partners, and must, therefore, remain what they are, the hirelings of others. Strange to say, the most reactionary capitalists, and some of what are called "advanced" trade union leaders, agree in this low estimate of the industrial classes. They may be right—we think that they are wrong—but what then? If a man is unfit for co-partnership, incapable of giving of his best to a common cause which is real and near, is he likely to be fit for a Communist State, where his sense of personal interest is far more remote? To apply the democratic principle to industry is a stiff job, but not an impossible one, and those who oppose co-partnership on this ground should be consistent, and admit that they favour not democracy, but autocracy—the capitalist boss in the workshop to keep the men right there, and the trade union boss outside to see they line up solidly in their societies.

It is of supreme importance that the craftsman should not be entirely subject to the control of the purchaser. The respective limits of each should be observed, and, as will be seen by this paper, the co-partnership societies endeavour, with a

large degree of success, to avoid the error of either extreme. It is true that with all its gratifying success, the volume of co-partnership trade is small compared with the national total. In production especially there remains a vast mass of trade uninfluenced by the principle.

## INDUSTRIAL EFFICIENCY.

We are a manufacturing people, and the poorest of us is vitally concerned in the position we hold as a nation in the industrial world. What is the need of the hour? That there shall be efficiency and earnestness in every department of trade; that men shall be free to produce, placing no artificial restriction on human energy. This does not mean that all regard for life and health and the higher things of the soul are to be neglected for material wealth. That would not be progress, but decay. But it does mean that, subject to these rational limits, there should be a strenuousness and a thoroughness which, combined with reforms in other directions, should enable us to maintain our proper place amongst the great industrial nations of the world. Towards this end co-partnership can make a substantial contribution—not as a set of rules and stereotyped methods, but as a germ principle. It places industry on a new footing. A fresh motive power is put at the service of the nation, and undoubtedly needs some stimulus to its flagging energies. Railing at trade unionists by those who have made huge fortunes out of the labour of the very men they denounce is not calculated to impress workmen. If labour is really to feel the throbb of a common desire to excel, employers must give tangible proof that the cause is a common one. When British workmen realise the actual situation, they will rise to the occasion. If their part in the concern ends with their wages, nothing but a decrease in them or in employment makes any impression, and then it is more likely to cause bitterness than an inquiry into the cause of their loss. But as partners, or even merely as profit-shares, they have interests which not only stimulate zeal, but create a sense of possession, the source hitherto of all the great achievements in the world of trade and commerce. We grievously lack education, both elementary and advanced, our industrial organisation is often sadly defective, but, in seeking to reform these evils, let us not neglect to remove the serious obstacle to industrial progress which must ever remain so long as we enlarge the mental horizon of men and yet keep them as craftsmen in the narrow limits of hirelings. The Labour Co-partnership workshop emphasises so distinctly the desire of labour to a voice in shaping industrial policy, that it has a special claim to the attention of Trade Unionists. Let me define more clearly what is meant by a Co-partnership workshop. Briefly, it may be defined as the participation by the workers in (a) profits over and above the standard rate of wages and general labour conditions of the district; (b) in capital, by holding shares in the concern, and (c) in management. This threefold share in reward, responsibility, and government is the application of democracy to industry—the hard-ast of all tasks, as its accomplishment is the highest of achievements.

## PROGRESS MADE.

The following figures show the progress made in the establishment of societies based on this principle, dealing with working class businesses only, and leaving out or the present the steps taken by private firms or companies to transform capitalism by co-partnership methods:—

	1883.	1893.	1904.
Societies...	15	77	126
Sales ...	£160,751	£1,155,842	£3,529,545
Capital ...	103,436	619,154	1,795,771
Profits ...	9,031	65,387	206,446

Space does not permit of one giving a detailed account of the Societies. Such can be found in the publications of the Labour Co-partnership Association, which Trade Unionists would do well to obtain. I give, however, some information on typical societies.

Hedden Bridge Fustian Society, founded in 1870 by working men, and doing a trade in 1904 of £38,500.

Paisley Co-operative Manufacturing Society, founded as long ago as 1862, and doing a trade in 1904 of £90,383.

Thomson's Woollen Cloth Factory, at Huddersfield, registered in 1886, and doing a trade in 1904 of £21,767.

Airedale Worsteds Society, founded in 1872, and doing a trade in 1904 of £19,250.

Burnley Self-Help Cotton Manufacturing Society, founded in 1886, and doing a trade in 1904 of £58,638.

Leek (Staffordshire) Silk Twist Manufacturing Society, founded in 1874, and doing in 1904 a trade of £20,321.

Kettering Clothing Society (Northamptonshire) founded in 1893, and doing in 1904 a trade of £45,885. The Ideal Clothiers, formed in January, 1901, and doing a trade for 1904 of £20,032. The London Clothiers, Ltd., started early in 1903, and doing a trade for 1904 of £2,185.

The Boot trade gives us a long list. The counties of Leicester and Northampton furnish nearly a dozen societies between them. The Leicester Equity Boot and Shoe Society, founded in 1887, did a trade in 1904 of £44,142. The Kettering Co-operative Boot and Shoe Society, founded in 1888, did a trade in 1904 of £44,809. Then in the South here we have the Chesham Boot Society which makes a speciality of boots particularly adapted for country wear. Its sales for 1904 were close on £1,000.

In Hardware, we have societies at Birmingham, Keighley, Dudley, Walsall, Alcester, Sheffield, and the newly formed Society of Tank Makers in London. In the high class of mechanical work we have the Coventry and Andrew's Watch Societies, the General Engineers, London, and the Leicester Co-operative Engineers.

In Woodwork, there are the Bradford Cabinet Makers founded in 1890; in Newcastle the Household Furnishing Co., founded in 1873 and doing a trade of £18,968 in 1904; and one at Bolton, founded in 1892, and Leicester Cabinet Makers founded in 1903.

There should be mentioned also the societies of Builders and Contractors in London, Hull, Oxford, Kettering, Leicester, Derby, and Sheffield.

There is also a society of Barge and Boat Builders on the Medway.

Printing is well represented; Edinburgh, Leicester, Manchester, Nottingham, Blackpool, Hull, Plymouth, Derby, Birmingham, Hitchin (Garden City Press, Ltd.), Norwich, and Grimsby, each having a society. Then there is the London Bookbinders' Society, registered in 1885, the Derby Umbrella Society, registered 1903, the Leicester Carriage Builders and the North Wales Quarries Ltd., both started in 1903.

We have in Glasgow the United Baking Society, of 1868, with its trade of £465,436, and nearly 1,200 employees; and the Scottish Wholesale Society, with several productive departments, and 3,500 employees.

In the town of Leicester there are ten co-partnership businesses, and in Kettering there are five.

Societies are most numerous in the boot and shoe, the building, and printing industries. So far as the boot and shoe and printing are concerned, the growth is no doubt due in a large degree to the fact that there is an organised working class market. As a rule these workshops have been founded by men who are strong Trade Unionists as well as strong Co-operators, and they have generally started with small resources. There are doubtless some industries in which it is difficult, if not impossible for working-class societies, such as I am referring to, to get a footing, for various reasons. There are, however, industries in which the possible development is very great indeed. For instance, as we see, there are no less than twelve Co-partnership Printing Societies organised by Co-partnership Trade Unionists. These Societies do all classes of work from newspapers to handbills. Their prices will compare favourably with those of other firms; some are better adapted

for one class of printing, some for another. Why is it that these societies only get a fraction of the printing work of the great Trade Union, Co-operative, and Friendly Society movements? There are tens of thousands of pounds' worth of printing which, with a little effort, might be directed into Co-partnership channels if the officials really desired it, and they ought to desire it.

I am no mere sentimentalist and don't ask officials to treat our societies as hot house plants requiring charitable support. If our printing societies cannot give as good value for money as other fair firms, the officials of these movements have a perfect right to go elsewhere. I venture to say, however, after years of experiment with printing of almost every description, that it is possible to get the ordinary printing of a workman's organisation done as cheaply in our movement as out. I have gone into this one industry, because it illustrates how a policy of mutual helpfulness could be worked out in practice. There are of course other commodities which are being made, or could without much difficulty be made by working class Co-partnership concerns, and it is surprising how new possibilities open up with developments. Societies can be established to meet the wants of the older ones. Existing productive societies require balance sheets, account books, circulars, etc., etc., as at Leicester and district, round where there are a dozen or more Co-partnership businesses. The Leicester Printing Society is started and meets this demand. Most of the work done by the Kettering Co-partnership Builders has been for the local Co-operative societies. Why should not the workmen in most industrial centres establish many more societies?

### DIFFICULTIES.

I do not wish it to be thought that I believe that there are no difficulties to face in the establishment of these societies. Far from it. A Co-partnership workshop soon discovers whether a workman's talk about comradeship is for show purposes at street corners or of the true order that stands everyday wear in fighting life's battles. In starting such a workshop the working partners are drawing a bill on themselves, and if they are not prepared to meet it as it becomes due, they are unfit for the system.

One great difficulty in the way of the growth of these workshops is that of getting Trade Unionists to recognise their responsibilities under the changed conditions. They have become so accustomed to play the part of wage-earners and receivers that when other aspects of the organisation of a business come before them they cannot bring themselves to consider the same as *partners*. One case comes to my mind of a Trade Unionist shareholder in a Co-operative workshop who when spoken to by the manager concerning the costing of an article which the manager had to give a price for, said he had nothing to do with what a thing cost; they wanted their trade union wage, the rest was his business. This is what I call bringing the biering atmosphere into the Co-partnership workshop. In a truly Co-partnership workshop the workman must take co-operative responsibilities. He must feel that what is done by and in the name of the firm is done on his behalf, and that for him to shirk understanding the lines on which the business alone can succeed is to fail in his duty as a co-partner. Is he cutting material to waste? Is he allowing machinery to run idle? Is he making the best use of his time? These are matters which a co-partner should study. If he does not, then industrial citizenship is not for him. He requires another to look after him.

### TRANSFORMING CAPITALISM.

cannot do justice here to the co-operating of ordinary businesses or companies, and will only briefly refer to it in order to call attention to the same. Perhaps the most successful experiment of this kind in the world is the famous ironfoundry at Guise in France, the history of which is described in an interesting work published by the Labour Co-partnership Association, which you should all get. It employs over 1,500 people, and the whole of the capital has, over a number of years, been, by the Co-partnership plan, transferred to the workers in the place, and the total assets, reserve pension, and other funds, exceed £250,000. The study of the history of this concern will enable you to see the great possibilities that lie before labour if it can get the same opportunity and take full advantage of it. There are several firms in this country taking steps in the same direction.

One form the principle assumes in the case of some businesses is the issue of special shares or debentures in which labour is encouraged to invest either out of the gain beyond wages or out of savings. Upon this a small rate of interest is guaranteed. Beyond this, such labour preference shares have an additional interest depending on the percentage paid to ordinary capital, say half such percentage above 2 per cent, so that if ordinary capital gets 8 per cent., labour preference shares get 3 plus 2½ per cent., or a total of 5½ per cent.

A further step is taken where the workers in a particular company register an Employees' Investment Society, and the said Employees' Investment Society becomes a partner in the company, having "home rule" so far as its own affairs are concerned, but with the right of representation at the shareholders' meeting in proportion to the capital taken up by it. There is an example of this kind in Glasgow United Baking Society, employing nearly 1,200 workers. This society sends one representative to the shareholders' meeting for each £80 of capital it holds in the company. The firm pays the best wages in the trade in that district, and is a model employer generally.

In other cases there is direct profit sharing combined with individual stock or capital owning. I am quite aware of the prejudice and suspicion that exist amongst workmen with regard to such steps. It was just the same kind of suspicion that the middle and landed classes had against extending the political franchise to workmen. They will ruin the country and vote for revolution, and do other bloodthirsty things, was their cry. So the fire-eating workman to-day says to his mates, "Don't touch anything that savours of compromise with capital." It will only absorb you and grind you down more than ever." For myself I would consider any genuine offer of partnership with capital favourably, and rely on my own capacity to prevent my being swallowed up. The more that workmen come to close quarters with this industrial problem the better will they be able to look after themselves.

It seems to me that the course is perfectly clear for a spirited rally of the unions on behalf of this principle. It may be done in several ways. Many of the societies are safe mediums of investment, and that is one direction in which help might be rendered. Then there are trades peculiarly subject to sweating in which the unions would, in my opinion, be justified in risking capital to assist in starting co-partnership concerns. To defeat the sweater anywhere is a material gain to all labour. Perhaps the most readily effective method of all for trade unionists to adopt is the simple one of buying the goods made by Co-partnership Societies. Workmen's stores may be made mediums for distributing articles on which there is not a taint of demoralised labour. To some of us the primary value of a store is not that it yields to its members the middleman's profit in the form of a dividend, but that it enables one to put conscience into purchases. This it does not do by simply handling goods, but only so far as it gives a guarantee that the making of them is beyond suspicion from the labour standpoint. Here is splendid scope for the trade unions, far more likely to serve their purpose than the starting of workshops as a weapon against the employers. There is hardly any way in which by both co-operation and trade unionism are more calculated to suffer than by confusion of their respective functions. A Co-partnership workshop is not capable of being converted at will into a refuge for the out-of-work, or even for the victimised, although it may be useful in these directions. It must be run on rational lines, and if it is not it will fail. Without laying down any hard and fast line, trade unionists ought to do more than give their benedictions to this work. Their money, their influence, and their individual support ought to be given. They but assist their own cause and benefit themselves. The doors of the stores stand wide open. Once inside, the workman is more than a customer; he is a proprietor as well. He controls as well as buys. He thus possesses a power not obtainable elsewhere. It is his to use on behalf of the higher industrialism, democracy in industry—the partnership of labour. If all trade unionists were as eager to maintain as high a standard of equity in purchasing as they seek to obtain from their employers for themselves, a silent revolution would be wrought. For the working of that beneficent change the stores are available, and the Co-partnership workshops are capable of fulfilling nearly every demand.

THE  
**Labour Co-partnership Association**

(22, Red Lion Square, London, W.C.),

IS AN

**EDUCATIONAL, ADVISORY,  
and PROPAGANDIST BODY.**

It works by means of

**LECTURES, CONFERENCES, LITERATURE, AND CORRESPONDENCE.**

*Its Membership consists of*

- 1) Individuals who subscribe from 1/- a year and upwards to its funds (2/- and upwards entitles subscribers to have the Association's Literature sent post free, including its monthly organ, *Labour Co-partnership*).
- 2) Labour Co-partnership Productive Societies and their Educational Departments, which subscribe One Penny per member per year.
- 3) Co-operative Stores, Educational Departments, Employers' Associations, and Trade Unions, which subscribe £1 and upwards a year, and receive post free (1) 13 copies of *Labour Co-partnership* each month, (2) 13 copies of other publications from time to time during the year.

---

**TWENTY YEARS OF  
CO-PARTNERSHIP AT GUISE.**

96 pages,  
profusely  
illustrated.

**Every Student, Employer, Co-operator, Trade Unionist,  
and Social Reformer should order a Copy. *£ £ £***

***Price 1s. ; Post Free, 1s. 2d.***

---

THE great Iron-foundry which this book describes in the fullest detail employs over 1,500 people, and is the most remarkable experiment in Labour Co-partnership in the world. The description of the way in which one of the greatest captains of industry solved the problems of **Capital and Labour, Housing, Old Age Pensions, Education, the Living Wage, Open Spaces for the People, etc.,** cannot fail to be of value to all interested in industrial and social problems.

---

Order at once from PUBLISHERS :

**LABOUR CO-PARTNERSHIP ASSOCIATION,  
22, RED LION SQUARE, LONDON, W.C.**

*Garden City Press Ltd., Bancroft, Hitchen.*

**END OF  
TITLE**